

September 1, 2009

VIA ELECTRONIC FILING

Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
PO Box 47250
Olympia, WA 98504 – 7250

Attn: David W. Danner
Executive Director and Secretary

RE: Advice 09-03
Revision of Schedule 98 – Adjustment Associated with the Pacific Northwest
Electric Power Planning and Conservation Act

Dear Mr. Danner:

In accordance with RCW 80.28.060 and WAC 480-80-105, PacifiCorp, d/b/a Pacific Power, (PacifiCorp or Company) hereby files the enclosed tariff sheet to revise Schedule 98 as part of PacifiCorp's currently effective Tariff WN-U-74. This schedule provides residential and certain other PacifiCorp customers with a direct pass through of monetary benefits received from the Bonneville Power Administration (BPA) under the Residential Exchange Program pursuant to a Residential Purchase and Sale Agreement, Contract No. 08PB-11970 (the Agreement) between PacifiCorp and BPA. A copy of the Agreement as submitted to FERC has previously been provided as Attachment D to Advice 08-05 filed in Docket UE-081811.

SUMMARY OF TARIFF REVISION

The Commission previously authorized the Company to implement a balancing account for tracking the receipt of benefits from BPA and the payment of benefits to customers under Schedule 98. The balancing account may contain positive or negative balances. At the end of September 2008, PacifiCorp had a negative balance in the balancing account in the amount of \$1.94 million. At that time, the Company implemented a tariff designed to amortize this amount over an approximate twelve-month period. On June 19, 2009, BPA issued PacifiCorp's FY 2009 Average System Cost (ASC) Final Report which resulted in the Company's ASC increasing from that filed with BPA on October 1, 2008. As a result, benefits from BPA increased from that projected last October and at the end of June 2009, the Company has a positive balance in the balancing account of \$83,956.

On July 21, 2009, BPA issued PacifiCorp's FY 2010-11 Average System Cost Final Report. The Company projects that over the twenty-four month period beginning October 1, 2009, it will receive approximately \$8.18 million annually from BPA on behalf of its Washington qualifying customers. The exact amount cannot be predicted because of three main factors. These three factors are:

1. The timing of the Company's new resource additions. Under the new methodology, the Company's ASC increases the month after a group of its new resources are brought into service. At the same time, BPA's priority Firm Power Exchange (PF Exchange) rate for all qualifying customers increases but the net result is an increase in benefits for the Company;
2. The timing of the other Northwest Investor-Owned Utility (NWIOU) new resource additions. Under the new methodology, BPA's priority Firm Power Exchange (PF Exchange) rate increases the month after other NWIOU new resources are brought into service and the net result is a decrease in benefits for the Company;
3. The sales to qualifying customers over the twenty-four month period.

The \$8.18 million estimate is based upon forecasted sales and the forecasted dates that new resources are brought into service. As explained above, the actual amounts the Company receives from BPA will be based upon actual sales and the actual dates that new resources are brought into service. The Company and Washington Utilities and Transportation Commission Staff will continue to monitor the amount in the balancing account which tracks the actual receipt of benefits from BPA and the payment of benefits to customers under Schedule 98 and the Company may propose an increase or decrease in Schedule 98 if the balance in the account merits such a change.

The Company has designed a tariff to increase the BPA credit from \$4.7 million to \$8.22 million on an annual basis. (This equals the forecasted \$8.18 million plus half of the June 2009 balance). A typical residential customer using 1,300 kWh per month will receive an **additional** credit of \$2.45 per month which represents a bill reduction of approximately 2.8%. See Attachments C and D for the revised tariff and a worksheet showing the calculation of the benefits.

Fifth Revision of Sheet No. 98

Schedule 98 Adjustment Associated with
the Pacific Northwest
Electric Power Planning and
Conservation Act

BPA PROCESS AND RESULTING BENEFITS

The Residential Exchange Program is contained in section 5(c) of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act) and is a mechanism for allocating a share of the economic benefits of the federal hydroelectric system to the residential and small farm customers of the NWIOUs. This program is also available for publicly-owned utilities.

In contrast to BPA's public power utility customers, which benefit from the federal hydroelectric system primarily through their preferential access to low-cost federal power, investor-owned utility residential and small farm customers share in the benefits of the federal hydroelectric system through the Residential Exchange Program - typically receiving bill credits instead of low-cost federal power. These benefits, in total, are directly passed through to PacifiCorp's residential and small farm customers in Oregon, Washington, and Idaho as a credit on their electric bills.

Under the Agreement, BPA acquires power from PacifiCorp at PacifiCorp's average system cost (ASC) and in exchange, sells an equivalent amount of power to PacifiCorp at BPA's priority Firm Power Exchange rate. In practice, no actual power deliveries are made by PacifiCorp or BPA under the Agreement. Instead, BPA provides the benefits to PacifiCorp who then passes such benefits through to its eligible customers.

The Agreement provides that the pass through to eligible customers will be determined as described above using forecasted information.

In the WP-07S proceeding, BPA determined that the amount it had allegedly overpaid to investor-owned utilities, including PacifiCorp, between October 1, 2001 and October 1, 2008. The alleged overpayment by PacifiCorp is referred to as the "Lookback Amount." PacifiCorp, as well as the other investor-owned utilities, have objected, and continue to object, to BPA's determination of any alleged overpayment and BPA's recovery of this amount.

NOTICE INFORMATION

Pursuant to WAC 480-100-193, PacifiCorp has posted the proposed tariff change on its website. This tariff change does not increase recurring charges or restrict access to services. Thus, notice of the proposed tariff change is being given to the public coincident with the date of this transmittal letter through web, telephone and mail access in accordance with WAC 480-100-193.

CONTACT INFORMATION

It is respectfully requested that all formal correspondence and Staff requests regarding this material be addressed to:

PacifiCorp
Washington Dockets
825 Multnomah Street, Suite 2000
Portland, OR 97232
Telephone: (503) 813-5934
Facsimile: (503) 813-6060
Email: washingtondockets@pacificorp.com

With a copy to:

Natalie L. Hocken
Vice President & General Counsel
PacifiCorp
825 Multnomah Street, Suite 2000
Portland, OR 97232
Telephone: (503) 813-7205
Facsimile: (503) 813-7262
Email: natalie.hocken@pacificorp.com

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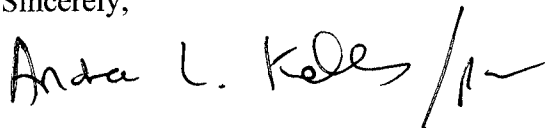
It is respectfully requested that all formal correspondence and Staff requests regarding this material be addressed to:

By E-Mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, Oregon, 97232

Informal questions should be directed to Cathie Allen, Regulatory Manager, at (503) 813-5934.

Sincerely,

A handwritten signature in black ink that reads "Andrea L. Kelly" followed by a stylized flourish or initials.

Andrea L. Kelly
Vice President, Regulation

Attachments

- Attachment A: Notice
- Attachment B: Summary Page of Tariff
- Attachment C: Tariff
- Attachment D: Calculation of Benefits
- Attachment E: Table A
- Attachment F: Residential Billing Comparison

ATTACHMENT A

**NOTICE
PACIFIC POWER**

Pursuant to Washington Law (including without limitation RCW 80.28.050 and -060) and the Washington Utilities and Transportation Commission's ("Commission") Rules & Regulations (including without limitation WAC 480-80-121), Pacific Power has filed with the Commission an original tariff schedule for electric service in the State of Washington.

Overview

The purpose of this filing is to revise Pacific Power's currently effective Schedule 98, Adjustment Associated with the Pacific Northwest Electric Power Planning and Conservation Act. This schedule provides residential and certain other Pacific Power customers with a direct pass through of monetary benefits received from the Bonneville Power Administration (BPA) under the Residential Exchange Program pursuant to a Residential Purchase and Sale Agreement, Contract No. 08PB-11970 (the Agreement) between Pacific Power and BPA. The Commission previously authorized Pacific Power to implement a balancing account for tracking the receipt of benefits from BPA and the payment of benefits to customers under Schedule 98. The balancing account may contain positive or negative balances. At the present time, the Company has a positive balance in the balancing account of \$215,000. The Company projects that over the twenty four month period beginning October 1, 2009 it will receive \$8.2 million annually from BPA on behalf of its Washington qualifying customers and proposes to increase the annual credit from \$4.78 million to \$8.2 million.

DATED: September 1, 2009

PACIFIC POWER

By Andrea L. Kelly
Andrea L. Kelly
Vice President, Regulation

ATTACHMENT B

Attachment B

The proposed tariff sheets to be revised in the Company's currently effective Tariff WN-U-74 are designated as follows:

Fifth Revision of Sheet No. 98	Schedule 98	Adjustment Associated with the Pacific Northwest Electric Power Planning and Conservation Act
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ATTACHMENT C

ATTACHMENT D

Attachment D

**PacifiCorp REP Benefits
Allocation of Total PacifiCorp Benefits
Estimated for Fiscal Years 2010 & 2011**

	Pacific Northwest	Washington Allocation %	Washington
Total Benefits	\$140,180,000	20.2%	\$28,359,816
Applied to Lookback	(\$70,090,000)	17.1%	(\$12,004,557)
Benefits after Lookback			\$16,355,259
	June 2009 Balance		\$83,956
Total			\$16,439,215
	Annual Benefit		\$8,219,607

ATTACHMENT E

PACIFICORP
SUMMARY OF PRESENT REVENUES FROM ELECTRIC SALES
DISTRIBUTED BY RATE SCHEDULES IN WASHINGTON
12 MONTHS ENDED JUNE 2008

Line No.	Description	Sch No.	Jun 08 MWh	Qualifying MWh	Current BPA Revenues (\$000)	Proposed BPA Revenues (\$000)	Change		Percent of Net Revenues
							BPA Revenues (\$000)	Revenues (\$000)	
			(5)				(5)	(6)	
Residential									
1	Residential	16,17,18	1,580,704	1,580,704	(\$4,031)	(\$7,003)	(\$2,972)	(\$2,972)	-2.7%
2	Outdoor Area Lighting Service	15	1,148	1,148	(\$3)	(\$5)	(\$2)	(\$2)	-1.4%
3	Unbilled		0						
4	Total Residential		1,581,851	1,581,851	(\$4,034)	(\$7,008)	(\$2,974)	(\$2,974)	-2.7%
Commercial									
5	Outdoor Area Lighting Service	15	2,295	637	(\$2)	(\$3)	(\$1)	(\$1)	-0.4%
6	Recreational Field Lighting	54	231	0	\$0	\$0	\$0	\$0	0.0%
7	General Service	24	497,611	41,507	(\$106)	(\$184)	(\$78)	(\$78)	-0.2%
8	Large Gen. Svc., Optional, <1,000 kW	36	756,089	84,515	(\$216)	(\$374)	(\$159)	(\$159)	-0.4%
9	Large General Service >= 1,000 kW	48	140,690	0	\$0	\$0	\$0	\$0	0.0%
10	Unbilled		0						
11	Total Commercial		1,396,916	126,659	(\$323)	(\$561)	(\$238)	(\$238)	-0.3%
Industrial									
12	Outdoor Area Lighting Service	15	158	33	(\$0)	(\$0)	(\$0)	(\$0)	-0.3%
13	General Service	24	20,516	3,332	(\$8)	(\$15)	(\$6)	(\$6)	-0.4%
14	Large Gen. Svc., Optional, <1,000 kW	36	143,345	3,961	(\$10)	(\$18)	(\$7)	(\$7)	-0.1%
15	Partial Req. Svc. >= 1,000 kW	47	1,279	0	\$0	\$0	\$0	\$0	0.0%
16	Large General Service >= 1,000 kW	48	717,631	0	\$0	\$0	\$0	\$0	0.0%
	Unbilled		0						
	Total Industrial		882,930	7,326	(\$19)	(\$32)	(\$14)	(\$14)	0.0%
Irrigation									
17	Agricultural Pumping Service	40	158,575	139,012	(\$354)	(\$616)	(\$261)	(\$261)	-2.5%
18	Unbilled		0						
	Total Irrigation		158,575	139,012	(\$354)	(\$616)	(\$261)	(\$261)	-2.5%
19	Total Industrial plus Irrigation		1,041,505	146,339	(\$373)	(\$648)	(\$275)	(\$275)	-0.5%
20	Total Com., Ind. and Irrig.		2,438,421	272,998	(\$696)	(\$1,209)	(\$513)	(\$513)	-0.4%
Public Street Lighting									
21	Street Lighting Service HPSV	51	3,081	0	\$0	\$0	\$0	\$0	0.0%
22	Street Lighting Service - Co. Own.	52	465	0	\$0	\$0	\$0	\$0	0.0%
23	Street Lighting Service - Cust. Own.	53	4,599	0	\$0	\$0	\$0	\$0	0.0%
24	Street Lighting Service MV	57	2,114	0	\$0	\$0	\$0	\$0	0.0%
25	Unbilled		0	0	\$0	\$0	\$0	\$0	0.0%
26	Total Public Street Lighting		10,259	0	\$0	\$0	\$0	\$0	0.0%
27	AGA		0						
28	Total Sales to Ultimate Consumers		4,030,532	1,854,849	(\$4,730)	(\$8,217)	(\$3,487)	(\$3,487)	-1.4%

ATTACHMENT F

**Pacific Power & Light Company
Monthly Billing Comparison
Schedule 16 - Residential Service**

kWh	Monthly Billing		Difference	Percent Difference
	Present Schedule 16	Proposed Schedule 16		
0	\$6.44	\$6.44	\$0.00	0.00%
50	\$8.86	\$8.76	(\$0.10)	-1.13%
100	\$11.28	\$11.09	(\$0.19)	-1.68%
150	\$13.69	\$13.41	(\$0.28)	-2.05%
200	\$16.11	\$15.74	(\$0.37)	-2.30%
300	\$20.95	\$20.38	(\$0.57)	-2.72%
400	\$25.78	\$25.03	(\$0.75)	-2.91%
500	\$30.62	\$29.68	(\$0.94)	-3.07%
600	\$35.46	\$34.33	(\$1.13)	-3.19%
700	\$43.13	\$41.81	(\$1.32)	-3.06%
800	\$50.80	\$49.30	(\$1.50)	-2.95%
900	\$58.48	\$56.78	(\$1.70)	-2.91%
1,000	\$66.15	\$64.27	(\$1.88)	-2.84%
1,100	\$73.82	\$71.75	(\$2.07)	-2.80%
1,200	\$81.49	\$79.24	(\$2.25)	-2.76%
1,300 *	\$89.17	\$86.72	(\$2.45)	-2.75%
1,400	\$96.84	\$94.21	(\$2.63)	-2.72%
1,500	\$104.51	\$101.69	(\$2.82)	-2.70%
1,600	\$112.19	\$109.18	(\$3.01)	-2.68%
2,000	\$142.88	\$139.12	(\$3.76)	-2.63%
3,000	\$219.61	\$213.97	(\$5.64)	-2.57%

Notes:

* Indicates Average Residential Customer